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The announcement that scarce tractors and other farm implements are being handled incompetently on State Farms and producer's co-operatives, that loss of bread grain is excessive and that milk, which has been in short supply in the cities, has to be thrown to pigs, may possibly constitute a denunciation of the Gero "speed-up plan" for the collectivization of agriculture.

RESOLUTION ON ECONOMY

Hungary's national economy made enormous progress during the first year of the Five-Year Plan. Industrial production during the third quarter 1950 was 36 percent above that of a year earlier. Investments during the year increased 100 percent and productivity of labor increased by 19 percent, as compared with 1949.

Further progress, however, is meeting increasing obstacles in the form of uneconomical operations. Unnecessary expenditures may be observed in numerous branches of production, investments, communications, commerce, and public administration, while in some agencies and enterprises there is unqualified waste.

The strained international situation and the defense of peace require a speedup in socialist building and in the strengthening of Hungary's national defense. A prerequisite therefore is an increase in the conservation of materials, machines, and manpower, which will lead to the mobilization of powerful new reserves and will result in speeding up the further development of Hungary's national economy.

I

The Council of Ministers finds that the following are the most important manifestations of uneconomical operations in Hungary's national economy:

1. In the processing industries waste is indicated by the low ratio of finished products, by the high percentage of waste, and by neglect in utilizing rejects and waste products economically. Large amounts of coal and electric power are being used wastefully. The cost of materials accounts for one half of the value of industrial finished products. For this reason, each percent of material saved represents hundreds of millions of forints of profit for the national economy.

In the industrial plants valuable, unused material, which could be utilized elsewhere, has been piled up. The State Control Center, in investigating only 90 plants, found 260 million forints of such materials, which have been piling up for years.

The largest part of Hungary's requirements in nonferrous metals, coke, cotton, leather, and other important industrial materials must be imported, in part from capitalist countries. Nevertheless, the development of domestic substitutes for imported materials is completely disregarded. Utilization of waste and of by-products is in the most primitive stage. A vast amount of blast furnace dross, leather, textiles, and chemicals is thus wasted. The collection of waste material is likewise unsatisfactory. As a result, even materials available in Hungary are thrown into the dustbin because of poor management and indolence and must therefore be imported.

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Conservation of materials, reorganization of the material distribution, and large-scale standardization of materials are needed. Nevertheless, distribution of materials was organized only recently, and the first norms for materials will be introduced only in 1951, because industry has delayed implementation of the resolutions governing standardization.

Negligent and incompetent handling of agricultural products, of forage, of machines, and of tools is a general phenomenon on the state farms. Many possibilities for economy also exist on the producers' cooperative farms. Delayed harvesting and careless handling of crops are causing a grain loss of 4 to 5 percent. As a result of incompetent stacking of hay, damage caused by rain amounts to tens of millions of forints. A substantial amount of food is lost because of incompetent manuring. Several million liters of milk per year become unfit for human consumption and must be thrown to the pigs because of wrong and careless handling.

2. Lack of economy on a vast scale is also found in investments, even though economy in this field is of vital importance, because appropriations for investments total 11.7 billion forints for 1951 and increasing amounts for subsequent years.

Despite recent improvements, investment planning is still unsatisfactory. The planning agencies disregard economy and make no effort to reduce costs. Frequently, there is not enough time for the preparation of an investment plan and, as a result, numerous buildings are under construction without previous planning. This leads to an increase in building costs. The fact that in many cases less important investments are given priority over important projects which require longer planning also indicates lack of preparatory planning. This practice has been responsible for a shift in the ratio of investments to the detriment of industry. The question of whether production could not be increased by better utilization of existing buildings, instead of by new buildings, is frequently not examined thoroughly in investment planning. Although it is common knowledge that Hungary's industrial potential is not being utilized fully, little thought is given to the question of whether an increase in the number of shifts, together with more effective use of existing machinery, is not preferable to the purchase of new equipment.

Adequate economy is lacking in the planning and building of new constructions as well. Often, the size of the building is excessive, and execution is unnecessarily expensive. This fault is especially typical of agricultural building activity. Most of the new state stores, also, were built luxuriously, without regard to economy. In preparing plans for uniform-type buildings, standardization is not employed sufficiently. The designers often employ the more expensive reinforced concrete, instead of cheaper and simpler materials.

In projects involving machinery, installations and equipment are sometimes designed for a larger load and capacity. Unjustified demands often appear in procuring machines capable of performing multiple operations, instead of machines designed for a single operation.

3. Waste is also striking in the utilization of manpower. Mining and the building industry, as well as other branches of industry, are contending with labor shortages, while qualified skilled workers are, in general, in short supply. Nevertheless, some of the plants employ a larger contingent of labor and clerical help than would be necessary if the work were organized properly. The ratio of nonproductive employees to productive workers is unsatisfactory in many plants. The personnel of the oversized wholesale enterprises rose from 43,000 at the beginning of the year to 52,000 in November. The personnel of the state administration, including centers and other official agencies, which are enterprises in form but perform planning and supervisory functions, is constantly increasing. This situation is, for the most part, the result of a still rampant bureaucracy. Large personnel strength is in itself an important factor in the further growth of bureaucracy.

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4. State budgetary expenditures for materials and supplies for 1951 total 6.2 billion forints. This estimate is not based on a solid foundation. In many instances the expenditures lack norms and where norms exist, they are not sufficiently close. Traveling expenses, for example, were budgeted at 200 million forints for 1951. Too frequent and unnecessary travel on official business not only means a serious financial burden for the state, but also fosters bureaucracy. In some of the administrative agencies and enterprises waste has been found in expenditures for delegations. Unnecessary and luxurious entertainment, expensive furniture, irregular use of state-owned automobiles, and other improper practices frequently assume proportions which are not permissible in a country engaged in the building of socialism.

II

For the elimination of the deficiencies enumerated in the foregoing section, as well as for the general stimulation of economy, the following is ordered by the Council of Ministers:

1. Conservation of materials and supplies and of electric power shall be organized and enforced by the Ministers of Metallurgy and Machine Building, Mining and Electric Power, Light Industry, Construction, Food, and Communications and Post in cooperation with the managers, technicians and workers of enterprises. Conservation is particularly imperative in the following materials: iron, non-ferrous metals, coal, oil, gasoline, wood, cement, cotton, leather, paper, and all imported materials.

For the realization of increased economy:

a. The quantity of casting needed for the production of 100 tons of rolled goods must be reduced from 150 tons used in 1950 to 146 tons in 1951. The use of quality rolled and forged goods for the manufacture of machinery must be reduced by 7 to 10 percent in 1951. Foundry rejects must be reduced by one third in 1951.

The cotton yarn yield from fiber must be increased from 86 percent in 1950 to 92 percent in 1951, to result in a total saving of 16 million forints.

The amount of upper and sole leather used for the production of a pair of shoes must be reduced by 5 percent, to result in the production of an additional 400,000 pair of shoes.

In addition to the 5-percent reduction in coal consumption previously ordered, all state agencies must reduce power consumption for lighting by 5 percent. The Minister of Mining and Electric Power shall submit within one month a proposal which will provide for a more proper distribution of electric power according to the hours of the day. The Minister of Communications and Post and the Minister of Agriculture shall establish, within one month, the fuel consumption norms for trucks and passenger automobiles, as well as for tractors, on a basis which shall ensure a 10-percent economy as compared with current consumption.

Periodic repair of machinery must be organized in all plants, to ensure more efficient utilization of machines and reduction of repair costs. Repair periods and repair cost norms must be established for all types of machines and vehicles.

The Minister of Agriculture shall enforce the following measures on state farms and producers' cooperatives: a reduction in grain loss from the current 4 - 5 percent to 1½ percent through timely and careful harvesting and storing; and strict economy in animal feeding and systematic improvement of fodder utilization.

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The Minister of Agriculture shall enforce the discontinuance of haphazard and lax storage and handling of materials and shall inaugurate exact accounting methods and supervision on state farms.

b. The president of the National Planning Office and the interested ministers are instructed by the Council of Ministers to prepare, jointly with the research institutions and the interested enterprises, appropriate methods which shall ensure the substitution of domestic for imported materials and broaden the production and employment of substitute materials. The president of the National Planning Office shall make special grants for experimentation as well as for the manufacture of substitute materials. The Council of Ministers appeals to all workers, especially to all engineers, technicians, innovators, and Stakhanovites, to develop plans and processes which will permit the use of substitutes for imported materials. The Ministers of Light Industry, Domestic Trade, and Foreign Trade shall make a survey of all products derived wholly or in part from imported materials and shall, within one month, submit a proposal for the discontinuance of the production of certain articles from imported materials, or for the substitution of domestic for imported materials.

c. The Council of Ministers makes it incumbent upon the interested ministers to enforce the utilization and processing of by-products in the various plants. If utilization should not be possible or economical within the plant, the local councils shall set up smaller plants for the utilization of by-products and shall also support the privately owned small trade cooperatives organized for this purpose.

The amount of scrap iron and of other waste products to be obtained by compulsory delivery shall be ascertained by the president of the National Planning Office according to ministries and industrial branches, and by the ministries according to plants. The Minister of Domestic Trade shall organize a waste-material-collecting agency, which shall reach every house and be capable of collecting all the valuable waste material which is piling up in households. By these methods collection of scrap iron, nonferrous metals, leather, paper, rags, and other waste material must be increased by at least 50 percent during 1951 as compared with 1950. The Council of Ministers appeals primarily to youth to help strengthen socialist industry by participating enthusiastically in the collection of waste materials.

d. The president of the National Planning Office and the Ministers of Metallurgy and Machine Building, Mining and Electric Power, Light Industry, Construction, Food, and Communications and Post are ordered by the Council of Ministers to prepare inventories of excess materials and supplies which have been accumulated in the plants and which are not to be used in operations and to release to the national economy such materials and supplies in the total amount of 500 million forints, including iron in the amount of 300 million forints, by 1 May 1951.

e. The National Planning Office shall prepare norms for 1,000 additional items besides the norms for 400 articles which will be introduced on 1 January 1951, thereby guaranteeing that material consumption, as well as its control, will be governed by norms in 70 percent of production within one year.

f. Considerable savings in circulating capital must be effected in our industrial plants and communications system by shortening production processes, utilizing excess supplies, conserving materials, and reducing supplies on hand. With due consideration for increasing production, circulating capital shall be reduced in 1951 by 15 percent in the heavy industries and by 10 percent in the light industries, as compared with 1950.

2. In an effort to encourage planning in industry and to eliminate waste, the president of the National Planning Office shall order the preparation of a detailed regulation governing the preparation and approval of investment plans.

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The regulation shall allow sufficient time for the preparation of investment plans, shall furnish a firmer basis than has been available thus far for the approval of investment plans, and shall stress individual responsibility to a greater degree than is the case at present. The preparation and approval of investment plans for 1952 shall be based entirely on the new system.

It is the duty of the president of the National Planning Office and of the interested ministers to institute, before approving planned investments, a thorough investigation as to whether the purpose of the investment could not be realized by better utilization of the plant area, by an increase in the number of shifts, or by a major extension at a moderate cost.

The period required for the completion of the investment program must be shortened by timely planning and procurement of the requisite supplies and machinery. Investment programs on which work has already been begun, as well as buildings under construction, may be abandoned only with the permission of the Council of Ministers or of the National Economic Council. Work on constructions which was interrupted during 1950 must be continued and completed by the Minister of Construction as speedily as possible.

Building regulations governing the construction and size of buildings shall be prepared by the Minister of construction on the basis of Soviet regulations, which are economical and guarantee sufficient safety. Iron and cement consumption shall be reduced by 15 percent through the new regulations. It will be the responsibility of the Minister of Metallurgy and Machine Building and of the Minister of Mining and Electric Power to see that iron and cement are delivered by the heavy industries according to the standard specifications of the Minister of Construction.

The Minister of Construction and the Minister of Agriculture shall make sure that, in the future, all agricultural buildings are built on a more simple design and at least 30 percent from local building materials. The ministers shall take steps to reduce the cost of agricultural buildings by 20-50 percent, depending on the type of construction.

Investments for new machinery shall be approved by the president of the National Planning Office and by the interested ministers on the basis of the approved, detailed manufacturing plan only. They shall require that, wherever possible, single-purpose, simple machines be procured. Machine designers shall endeavor to achieve solutions with minimum material requirements and to develop simple mechanisms with standardized parts.

3. With a view to eliminating waste in manpower, the Council of Ministers enjoins all ministers to prevent in their respective provinces any increase in administrative or other nonproductive personnel. New tasks should be performed through improved organization and through the elimination of bureaucratic methods, rather than through an increase in personnel. The producing plants shall be required to reduce the ratio of administrative and auxiliary personnel to physical laborers.

The Minister of Domestic Trade shall effect the transfer of excess personnel from wholesale enterprises to the retail trade. Except in unusual cases, state agencies and institutions are not permitted to increase their personnel above the number on 30 November 1950. In an effort to conserve manpower, the Council of Ministers will set up a State Personnel Committee with to prepare tables of organization for the state agencies and to pass on proposals for tables of organization.

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The Minister of Finance and the interested ministers shall determine within one month the administrative and industrial positions which must be filled by aged people and by invalids exclusively. Able-bodied young workers employed in such positions must be transferred to productive work, while older workers who are no longer productive must be transferred to these positions.

4. The norms for nonpersonnel budgetary expenditures, with special regard to appropriations for delegations, will be re-examined by the Minister of Finance by 31 March 1951. All norms which have not yet been prepared must be completed in the meantime. The re-examination of nonpersonnel expenditures shall yield a reduction of approximately 10 percent. The Minister of Finance shall reduce traveling expenses for 1951 by 20 percent.

To improve discipline in finance, the Council of Ministers declares that the chiefs of the finance departments of the local councils can be appointed or dismissed with the approval of the Minister of Finance only. The chiefs of finance departments shall be given authority comparable to that of the chief accountants of the enterprises, thereby enabling the chiefs to carry into effect the principles of orderly and sound financial management without favoritism and illegal pressure.

With a view to promoting economy on the part of the workers, the Council of Ministers invites the Minister of Finance to increase appreciably in 1951 the grant-in-aid for the workers' home building cooperatives. The Minister of Construction shall ensure the building of at least 2,000 apartments and homes within the framework of the building associations in 1951.

It will be the duty of the Minister of Finance to ensure the expansion of the branch network of the National Savings Bank, particularly near industrial plants, to enable workers to deposit their savings, without loss of time, on interest-bearing deposit books or as deposits carrying a lottery feature. The institution shall promote savings deposits by workers through other means also, such as payment of electric, gas, and other public utility bills by deductions from their accounts.

III

1. The Council of Ministers makes it incumbent on all ministers to complete and introduce gradually the economy measures in their respective jurisdictions within one month. The conservation programs of the plants and enterprises envisaging economies in raw materials, coal, and electric power shall be emphasized.

2. The Council of Ministers creates a Conservation Committee, as a directing and coordinating organ, for the duration of one year.

The Council of Ministers makes it incumbent on all ministers, division chiefs, and presidents of local councils to invoke disciplinary and financial sanctions against economy offenders and to strike down squanderers severely and swiftly.

3. The Council of Ministers calls upon the president of the State Control Center to supervise the execution of this Resolution, as well as of the detailed conservation measures to be prepared by the ministers according to industrial branches. The State Control Center shall report to the Council of Ministers quarterly on the status of the execution of the conservation resolution.

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The Council of Ministers declares that it is the duty of all responsible ministers to achieve the most economical operations in their respective jurisdictions. They are to welcome proposals coming from workers; introduce the appropriate innovations on a broad basis, wipe out waste with a hard fist by prompt, determined action, and proceed against those who waste the money of the state -- the product of the work of millions.

The Council of Ministers calls upon the National Council of Trade Unions to carry out educational and organizational work to make economy one of the central issues. The Council of Ministers appeals to all workers to consider the cause of conservation one of the most important links in the realization of the Five-Year Plan. They should consider it their daily duty to enhance the power of the workers' state by practicing increased economy. They should pay particular attention to the conservation of materials, coal, fuel, tools, and electric power. They should remember that each ton of coal and iron, each quintal of grain and fodder, each meter of cloth, each brick, and each forint saved serves the development of our national economy, the realization of our Five-Year Plan, and the growth of the power of our fatherland. --Istvan Dobi, president, Council of Ministers

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